Sheriffs' Retirement System

State of Montana

Actuarial Information Required under GASB #5

As of June 30, 1992

Hendrickson, Miller
& Associates, Inc.
ACTUARIAL CONSULTANTS

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Actuarial Certification

This report presents actuarial information required under Statement No. 5 of the Government Accounting Standards Board. The results presented in this report were determined with generally accepted actuarial principles and techniques, and are in compliance with our understanding of GASB #5.

Alton P. Hendrickson
Member, American Academy of Actuaries

Sheriffs' Retirement System

Section A

Plan Description

1.	A.	Covered Payroll	$ 13,688,154
	B.	Total Payroll	$ 13,688,154

2. As of June 30, 19 92 statewide membership in the Sheriffs' Retirement System consisted of:

Retirees and Beneficiaries Currently Receiving Benefits	99
Terminated Employees Entitled to But Not Yet Receiving Benefits	82
Total Inactives	181
Current Employees:	
Vested	287
Not Vested	234
Total Current Employees	521
Total Membership	702

A summary of benefit provisions is attached as Appendix 1, and a summary of the membership can be found in the July 1, 1992 actuarial valuation.

3. Benefit and contribution provisions are established by state law and may be amended only by the State of Montana legislature.

Section B

Related Party Disclosures

Hendrickson, Miller & Associates, Inc. is under contract with the Sheriffs' Retirement System to provide actuarial and consulting services with regard to the retirement plan.

Sheriffs' Retirement System

Section C

Funding Status and Progress

1. The last actuarial valuation of this system was performed as of July 1, 1992.

2. The following assumptions were used in calculation of the pension benefit obligation:

   Rate of Return on Investment of Present and Future Assets - 8%
   Projected Salary Increases - Inflation - 6.5%
   Projected Salary Increases - Merit - None
   Changes in Post-Retirement Benefit - None

   The assumptions used in these calculations are the same as the assumptions stated in the report on the actuarial valuation of the Sheriffs' Retirement System as of July 1, 1992.

3. Actuarial Present Value of Projected Benefits:

Inactives:		
Retirees and beneficiaries	$ 8,282,540	
Other terminated employees	411,231	
Total inactives		$ 8,693,771
Current employees:		
Accumulated employee contributions	$ 9,816,905	
Employer financed vested	11,849,452	
Employer financed nonvested	2,271,776	
Total current employees		$ 23,938,133
Total Pension Benefit Obligation		$ 32,631,904
Net Assets Available for Benefits:		
Cost		$ 41,277,716
Market		$ 44,113,983
Total Unfunded Pension Benefit Obligation		$ -8,645,812

There were no changes in the actuarial assumptions during the past year

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Section D

Actuarially Determined Contribution Requirements

And Contributions Made

The Sheriffs' Retirement System funding policy provides for periodic employer and employee contributions at rates specified by state law. The contribution requirement is not actuarially determined; however, an actuary does determine the actuarial implications of the funding requirement in a biennial actuarial valuation. The actuarial method used to determine the implications of the statutory funding level is the entry age normal funding method, with both the normal cost and the amortization of the unfunded accrued liability determined as a level percentage of payroll.

Contributions to the system for the year ending June 30, 1992 were as follows:

	Amount	% of Compensation
Employer	$ 1,106,478	8.09%
Employee	1,088,881	7.95
Total	$ 2,195,359	16.04%

These contributions are applied as follows:

	Amount	% of Compensation
Normal Cost	$ 2,008,052	14.67%
Amortization of Unfunded Liability	187,307	1.37
Total	$ 2,195,359	16.04%

During the past year, no changes were made in the method used to calculate or establish contribution requirements. The change in the law affecting benefits is described in Section C.

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SECTION E

TREND INFORMATION

	As of June 30		
	1992	1991	1990
Net assets available for benefits as % of PBO	126.5%	137.2%	138.6%
Unfunded PBO as % of annual covered payroll	-63.2%	-85.9%	-77.8%
Employer contributions as % of annual covered payroll	7.67%	7.67%	7.67%

Employer contributions have been made according to state law, and have been determined to be adequate for funding of the system by biennial actuarial valuations, as described in Section D.

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Appendix 1

Summary of Plan Provisions

Employee Contributions -	7% of member's compensation.
County Contributions -	7.67% of members' compensation.
Retirement Benefit -	Eligibility: Age 50 and 24 years of service. There is no age requirement if elected or appointed prior to July 1, 1989.
	Normal Form: Life payments with a death benefit equal to the balance of member's contributions not received at the date of death.
	Benefit: 2.0834% of the final compensation for each of the first 24 years of service and 1.35% for each additional year up to a maximum of 60%.
Early Retirement Benefit -	Eligibility: Age 50 and 15 years of service.
	Benefit: Actuarial equivalent of the accrued benefit based on retirement after completing 24 years of service or reaching age 60.
Disability Benefit -	Service Disability: 50% of final compensation.
	Nonservice Disability: Actuarial equivalent of accrued benefit based on retirement at age 50.
Death Benefit -	Service Death: 50% of final compensation, reduced to 25% while receiving benefits from workers' compensation.
	Nonservice Death: Actuarial equivalent of 2% of final compensation for each of the first 25 years of service, based on retirement after completing 25 years of service or reaching age 65.
Termination Benefit -	Prior to 5 years of service, return of member contributions. If involuntarily terminated after 5 years, the member may elect to receive the accrued benefit at age 50.
Benefit Adjustments -	Investment earnings in excess of 8%, if any, are used to provide post-retirement increases.